

Report of the Directors

The Directors have pleasure in submitting to shareholders their report and statement of audited accounts for the year ended 31 December 2008.

Principal Activities

The principal activity of the Company is investment holding and the activities of its principal subsidiary and associated companies and jointly controlled entities are shown on pages 193 to 198.

Group Profit

The consolidated profit and loss account is set out on page 115 and shows the Group profit for the year ended 31 December 2008.

Dividends

An interim dividend of HK\$0.51 per share was paid to shareholders on 3 October 2008 and the Directors recommend the declaration of a final dividend at the rate of HK\$1.22 per share payable on 22 May 2009 to all persons registered as holders of shares on 21 May 2009. The Register of Members will be closed from 14 May 2009 to 21 May 2009, both dates inclusive.

Reserves

Movements in the reserves of the Company and the Group during the year are set out in note 45 and note 32 to the accounts on pages 191 to 192 and 174 respectively.

Charitable Donations

Donations to charitable organisations by the Group during the year amounted to approximately HK\$105,000,000 (2007 - approximately HK\$87,000,000).

Fixed Assets

Particulars of the movements of fixed assets are set out in note 11 to the accounts.

Share Capital

Details of the share capital of the Company are set out in note 31 to the accounts.

Directors

The board of Directors of the Company (the "Board") as at 31 December 2008 comprised Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor, Mr Fok Kin-ning, Canning, Mrs Chow Woo Mo Fong, Susan, Mr Frank John Sixt, Mr Lai Kai Ming, Dominic, Mr Kam Hing Lam, The Hon Sir Michael David Kadoorie, Mr Holger Kluge, Mr George Colin Magnus, Mr William Elkin Mocatta (Alternate Director to The Hon Sir Michael David Kadoorie), Mr Or Ching Fai, Raymond, Mr William Shurniak and Mr Wong Chung Hin.

Mr Li Ka-shing, Mrs Chow Woo Mo Fong, Susan, Mr Lai Kai Ming, Dominic, Mr Or Ching Fai, Raymond and Mr William Shurniak will retire at the forthcoming annual general meeting under the provisions of Article 85 of the Articles of Association of the Company. Mr Or Ching Fai, Raymond will not offer himself for re-election at the annual general meeting whereas the other four retiring Directors, being eligible, will offer themselves for re-election at the annual general meeting.

The Company received confirmation from the Independent Non-executive Directors of their independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company considered all the Independent Non-executive Directors as independent.

The Directors' biographical details are set out on pages 70 to 71.

Interest in Contracts

No contracts of significance in relation to the businesses of the Company and its subsidiaries to which the Company or a subsidiary was a party in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Connected Transactions

During the year and up to the date of this report, the Group conducted the following transactions which constituted and/or would constitute connected transactions for the Company under the Listing Rules:

Subsidiaries of the Company (the "HWL Group") provided financial assistance to associates of Cheung Kong (Holdings) Limited ("Cheung Kong"), a "substantial shareholder" of the Company, which constituted "connected transactions" for the Company within the meanings of the Listing Rules. All contribution to the registered capital of, and any shareholders' loans to, the associates which took the form of joint ventures between the HWL Group and the Cheung Kong Group are expected to be made by the HWL Group and the Cheung Kong Group in proportion to their respective equity interests in such joint ventures:

Date	Connected Persons/Joint Ventures receiving the Financial Assistance by the HWL Group	Description of Financial Assistance
19 February 2008	Joint Group Enterprises Limited ("JGEL", a company indirectly owned as to 50% by each of the Company and Cheung Kong), and its wholly foreign owned enterprises, Hutchison Whampoa Properties (Changzhou) Limited ("Changzhou JV").	Financial assistance was or would be provided to JGEL to fund the costs of land, construction and development into commercial and residential properties of a piece of land of approximately 80,600 square metres located at east of Hongmei Park and north of Wuqing Road, Changzhou, PRC and acquired at a total consideration of approximately RMB1,200 million by Changzhou JV. The proposed total investment and registered capital of Changzhou JV was RMB1,486 million and RMB1,297 million respectively.
28 March 2008	Billion Rise Limited ("BRL", a company indirectly owned as to 50% by each of the Company and Cheung Kong) and/or a 50/50 indirect joint venture company to be established by the Company and Cheung Kong ("Project Co").	Financial assistance was or would be provided to BRL and/or Project Co for the purpose of the acquisition of the lease and the development of the parcel of land at West Coast Crescent in Singapore with a site area of approximately 12,000 square metres into residential properties at a total consideration of S\$110,440,000 (approximately HK\$623 million).

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Continuing Connected Transactions

Pursuant to a marketing agreement dated 14 August 1996 (the "Thai Marketing Agreement") and made between Hutchison CAT Wireless MultiMedia Limited ("Hutchison CAT", a company consolidated into the financial statements of Hutchison Telecommunications International Limited ("HTIL") and its subsidiaries (the "HTIL Group") as subsidiary) and CAT Telecom Public Company Limited ("CAT"), Hutchison CAT has continued to market the CDMA2000 1X network services of CAT under the Hutch brand name in 25 provinces located in central Thailand and provide after-sales services and other supplementary services relating to such sales are marketing activities on an exclusive basis, in return for a percentage of the access fees, monthly services fees and sign-on fees paid by the subscribers.

The transactions contemplated under the Thai Marketing Agreement constituted continuing connected transactions ("Continuing Connected Transactions") for the Company under the Listing Rules during the year ended 31 December 2008 as HTIL being a subsidiary of the Company and by virtue of CAT being a substantial shareholder holding approximately 26% interest of and in Hutchison CAT.

The aggregate amounts for the year ended 31 December 2008 attributable to the Continuing Connected Transactions subject to annual review requirements under the Listing Rules was HK\$889 million in respect of the revenue to the HTIL Group.

Annual Review of Continuing Connected Transactions

All the Independent Non-executive Directors of the Company have reviewed the Continuing Connected Transactions and confirmed that the Continuing Connected Transactions have been entered into (i) in the ordinary and usual course of business of the Company or of its subsidiaries (together the "Group"); (ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Based on the work performed, the auditor of the Company has confirmed in a letter to the Board of Directors of the Company to the effect that the Continuing Connected Transactions (i) had received approval of the Board of Directors of HTIL; (ii) were in accordance with the pricing policies of the HTIL Group; (iii) were entered into in accordance with the terms of the Thai Marketing Agreement governing such transactions; and (iv) did not exceed the cap amounts for the financial year ended 31 December 2008 as referred to in the announcement of HTIL on 27 March 2007.

Directors' Service Contract

None of the Directors of the Company who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2008, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as adopted by the Company (the "Model Code") were as follows:

(I) Interests and short positions in the shares, underlying shares and debentures of the Company

Long positions in the shares of the Company

Name of Director	Capacity	Nature of interests	Number of shares held	Total	Approximate % of shareholding
Li Ka-shing	(i)	Founder of discretionary trusts	2,141,698,773 ⁽¹⁾	2,190,875,773	51.3883%
	(ii)	Interest of controlled corporations	49,177,000 ⁽²⁾		
Li Tzar Kuoi, Victor	(i)	Beneficiary of trusts	2,141,698,773 ⁽¹⁾	2,142,785,543	50.2604%
	(ii)	Interest of controlled corporations	1,086,770 ⁽³⁾		
Fok Kin-ning, Canning		Interest of a controlled corporation	4,310,875 ⁽⁴⁾	4,310,875	0.1011%
Chow Woo Mo Fong, Susan		Beneficial owner	150,000	150,000	0.0035%
Frank John Sixt		Beneficial owner	50,000	50,000	0.0012%
Lai Kai Ming, Dominic		Beneficial owner	50,000	50,000	0.0012%
Kam Hing Lam	(i)	Beneficial owner	60,000	100,000	0.0023%
	(ii)	Interest of child	40,000		
Michael David Kadoorie		Founder of a discretionary trust(s)	15,984,095 ⁽⁵⁾	15,984,095	0.3749%
Holger Kluge		Beneficial owner	40,000	40,000	0.0009%
George Colin Magnus	(i)	Founder and beneficiary of a discretionary trust	950,100 ⁽⁶⁾	1,000,000	0.0235%
	(ii)	Beneficial owner	40,000		
	(iii)	Interest of spouse	9,900		
William Shurniak		Beneficial owner	165,000	165,000	0.0039%

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Notes:

(1) The two references to 2,141,698,773 shares of the Company relate to the same block of shares comprising:

- (a) 2,130,202,773 shares held by certain subsidiaries of Cheung Kong. Mr Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of DT2) holds units in The Li Ka-Shing Unity Trust ("UT1") but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard. Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of UT1 and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT1 related companies") hold more than one-third of the issued share capital of Cheung Kong.

The entire issued share capital of TUT1 and of the trustees of DT1 and DT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Each of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of Cheung Kong by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of Cheung Kong independently without any reference to Unity Holdco or any of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard as a holder of the shares of Unity Holdco as aforesaid.

As Mr Li Ka-shing may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, both Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the shares of Cheung Kong held by TUT1 as trustee of UT1 and TUT1 related companies and the said shares of the Company held by the subsidiaries of Cheung Kong under the SFO as directors of Cheung Kong. Although Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco and is a discretionary beneficiary of each of DT1 and DT2, he is not a director of Cheung Kong and has no duty of disclosure in relation to the shares of Cheung Kong held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO.

- (b) 11,496,000 shares held by Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3").

Mr Li Ka-shing is the settlor of each of the two discretionary trusts ("DT3" and "DT4"). Each of Li Ka-Shing Castle Trustee Corporation Limited ("TDT3", which is the trustee of DT3) and Li Ka-Shing Castle Trustcorp Limited ("TDT4", which is the trustee of DT4) holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard.

The entire issued share capital of TUT3 and the trustees of DT3 and DT4 are owned by Li Ka-Shing Castle Holdings Limited ("Castle Holdco"). Each of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Castle Holdco or any of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard as a holder of the shares of Castle Holdco as aforesaid.

As Mr Li Ka-shing may be regarded as a founder of each of DT3 and DT4 for the purpose of the SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT3 and DT4, and by virtue of the above, both Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the said shares of the Company held by TUT3 as trustee of UT3 under the SFO as Directors of the Company. Although Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco and is a discretionary beneficiary of each of DT3 and DT4, he is not a Director of the Company and has no duty of disclosure in relation to the shares of the Company held by TUT3 as trustee of UT3 under the SFO.

- (2) Such shares were held by certain companies of which Mr Li Ka-shing is interested in the entire issued share capital.
- (3) Such shares were held by certain companies of which Mr Li Tzar Kuoi, Victor is interested in the entire issued share capital.
- (4) Such shares were held by a company which is equally controlled by Mr Fok Kin-ning, Canning and his spouse.
- (5) Such shares were indirectly held by discretionary trust(s) of which The Hon Sir Michael David Kadoorie is the founder and a discretionary beneficiary.
- (6) Such shares were indirectly held by a discretionary trust of which Mr George Colin Magnus is the settlor and a discretionary beneficiary.

(II) Interests and short positions in the shares, underlying shares and debentures of the associated corporations of the Company

Long positions in the shares, underlying shares and debentures of the associated corporations of the Company

As at 31 December 2008, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in the following by virtue of, inter alia, their interests in the shares of Cheung Kong or the Company as described in Note (1) above:

- (i) (a) 1,912,109,945 ordinary shares, representing approximately 84.82% of the then issued share capital, in Cheung Kong Infrastructure Holdings Limited ("CKI") of which 1,906,681,945 ordinary shares were held by a wholly owned subsidiary of the Company and 5,428,000 ordinary shares were held by TUT1 as trustee of UT1; and
 - (b) 2 underlying shares in CKI by virtue of the HK\$300,000,000 capital guaranteed notes due 2009 held by a wholly owned subsidiary of Cheung Kong;
- (ii) 6,399,728,952 ordinary shares, representing approximately 71.50% of the then issued share capital, in Hutchison Harbour Ring Limited ("HHR") held by certain wholly owned subsidiaries of the Company;
- (iii) 2,958,068,120 ordinary shares, representing approximately 61.44% of the then issued share capital, in HTIL of which 52,092,587 ordinary shares and 2,905,822,253 ordinary shares were held by certain wholly owned subsidiaries of each of Cheung Kong and the Company respectively and 153,280 ordinary shares were held by TUT3 as trustee of UT3;
- (iv) 829,599,612 ordinary shares, representing approximately 38.87% of the then issued share capital, in Hongkong Electric Holdings Limited ("HEH") which shares were held by certain wholly owned subsidiaries of CKI;
- (v) 1,429,024,545 ordinary shares, representing approximately 36.70% of the then issued share capital, in TOM Group Limited ("TOM") of which 476,341,182 ordinary shares and 952,683,363 ordinary shares were held by a wholly owned subsidiary of each of Cheung Kong and the Company respectively;
- (vi) 293,618,956 common shares, representing approximately 34.57% of the then issued share capital, in Husky Energy Inc. ("Husky") held by a wholly owned subsidiary of the Company; and
- (vii) all interests in shares, underlying shares and/or debentures in all associated corporations of the Company.

As Mr Li Ka-shing may be regarded as a founder of DT3 for the purpose of SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of DT3 as disclosed in Note (1) above, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in 305,603,402 common shares, representing approximately 35.98% of the then issued share capital, in Husky which were held by a company in respect of which TDT3 as trustee of DT3 is indirectly entitled to substantially all the net assets thereof and of which Mr Li Ka-shing is additionally entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings. In addition, Mr Li Ka-shing had, as at 31 December 2008, corporate interests in (i) a nominal amount of US\$30,200,000 in the 6.988% Notes due 2037 issued by Hutchison Whampoa Finance (CI) Limited; and (ii) 266,621,499 ordinary shares, representing approximately 5.54% of the then issued share capital, in HTIL, which were held by companies of which Mr Li Ka-shing is interested in the entire issued share capital.

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Mr Li Tzar Kuoi, Victor had, as at 31 December 2008, the following interests:

- (i) family interests in 151,000 ordinary shares, representing approximately 0.007% of the then issued share capital, in HEH held by his spouse; and
- (ii) corporate interests in (a) a nominal amount of US\$21,000,000 in the 6.5% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited ("HWI(03/13)"); (b) a nominal amount of US\$12,000,000 in the 7% Notes due 2011 issued by Hutchison Whampoa International (01/11) Limited; (c) a nominal amount of US\$8,000,000 in the 6.25% Notes due 2014 issued by Hutchison Whampoa International (03/33) Limited ("HWI(03/33)"); (d) a nominal amount of US\$15,000,000 in the 7.45% Notes due 2033 issued by HWI(03/33); and (e) 2,519,250 ordinary shares, representing approximately 0.05% of the then issued share capital, in HTIL, which were held by companies of which Mr Li Tzar Kuoi, Victor is interested in the entire issued share capital.

Mr Fok Kin-ning, Canning had, as at 31 December 2008, the following interests:

- (i) corporate interests in (a) a nominal amount of US\$2,500,000 in the 6.5% Notes due 2013 issued by HWI(03/13); (b) a nominal amount of US\$2,000,000 in the 7.45% Notes due 2033 issued by HWI(03/33); (c) a nominal amount of US\$2,500,000 in the 5.45% Notes due 2010 issued by HWI(03/33); and (d) a nominal amount of US\$2,500,000 in the 6.25% Notes due 2014 issued by HWI(03/33);
- (ii) corporate interests in 5,000,000 ordinary shares, representing approximately 0.06% of the then issued share capital, in HHR;
- (iii) 5,100,000 ordinary shares, representing approximately 0.68% of the then issued share capital, in Hutchison Telecommunications (Australia) Limited ("HTAL") comprising personal and corporate interests in 4,100,000 ordinary shares and 1,000,000 ordinary shares respectively;
- (iv) corporate interests in 1,202,380 ordinary shares, representing approximately 0.02% of the then issued share capital, in HTIL;
- (v) corporate interests in 200,000 common shares, representing approximately 0.02% of the then issued share capital, in Husky; and
- (vi) corporate interests in 225,000 American Depositary Shares (each representing one ordinary share), representing approximately 0.14% of the then issued share capital, in Partner Communications Company Ltd ("Partner").

Mr Fok Kin-ning, Canning held the above personal interests in his capacity as a beneficial owner and held the above corporate interests through a company which is equally controlled by Mr Fok and his spouse.

Mrs Chow Woo Mo Fong, Susan in her capacity as a beneficial owner had, as at 31 December 2008, personal interests in 250,000 ordinary shares, representing approximately 0.005% of the then issued share capital, in HTIL.

Mr Frank John Sixt in his capacity as a beneficial owner had, as at 31 December 2008, personal interests in (i) 1,000,000 ordinary shares, representing approximately 0.13% of the then issued share capital, in HTAL; and (ii) 17,000 American Depositary Shares (each representing 15 ordinary shares), representing approximately 0.005% of the then issued share capital, in HTIL.

Mr Kam Hing Lam in his capacity as a beneficial owner had, as at 31 December 2008, personal interests in 100,000 ordinary shares, representing approximately 0.004% of the then issued share capital, in CKI.

Mr Holger Kluge in his capacity as a beneficial owner had, as at 31 December 2008, personal interests in (i) 200,000 ordinary shares, representing approximately 0.03% of the then issued share capital, in HTAL; and (ii) 20,000 common shares and 8,170 unlisted and physically settled Deferred Share Units (each representing 1 common share), in aggregate representing approximately 0.003% of the then issued share capital, in Husky.

Mr George Colin Magnus had, as at 31 December 2008, the following interests:

- (i) 13,333 ordinary shares, representing approximately 0.0003% of the then issued share capital, in HTIL comprising personal interests in 13,201 ordinary shares held in his capacity as a beneficial owner and family interests in 132 ordinary shares held by his spouse; and
- (ii) personal interests in 25,000 American Depositary Shares (each representing 1 ordinary share), representing approximately 0.02% of the then issued share capital, in Partner held in his capacity as a beneficial owner.

Mr William Shurniak in his capacity as a beneficial owner had, as at 31 December 2008, personal interests in 6,099 common shares, representing approximately 0.0007% of the then issued share capital, in Husky.

Save as disclosed above, as at 31 December 2008, none of the Directors or Chief Executive of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Certain Directors held qualifying shares in certain subsidiaries of the Company on trust for other subsidiaries.

Interests and Short Positions of Shareholders Discloseable under the SFO

So far as is known to any Directors or Chief Executive of the Company, as at 31 December 2008, other than the interests and short positions of the Directors or Chief Executive of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

(I) Interests and short positions of substantial shareholders in the shares and underlying shares of the Company

Long positions in the shares of the Company

Name	Capacity	Number of shares held	Approximate % of shareholding
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Trustee and beneficiary of a trust	2,130,202,773 ⁽¹⁾	49.97%
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee and beneficiary of a trust	2,130,202,773 ⁽¹⁾	49.97%
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee	2,130,202,773 ⁽¹⁾	49.97%
Cheung Kong (Holdings) Limited ("Cheung Kong")	Interest of controlled corporations	2,130,202,773 ⁽¹⁾	49.97%
Continental Realty Limited	Beneficial owner	465,265,969 ⁽²⁾	10.91%

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(II) Interests and short positions of other persons in the shares and underlying shares of the Company

Long positions in the shares of the Company

Name	Capacity	Number of shares held	Approximate % of shareholding
Honourable Holdings Limited	Interest of controlled corporations	322,942,375 ⁽²⁾	7.57%
Winbo Power Limited	Beneficial owner	236,260,200 ⁽²⁾	5.54%
Polycourt Limited	Beneficial owner	233,065,641 ⁽²⁾	5.47%
Well Karin Limited	Beneficial owner	226,969,600 ⁽²⁾	5.32%

Notes:

- (1) The four references to 2,130,202,773 shares of the Company relate to the same block of shares of the Company which represent the total number of shares of the Company held by certain wholly owned subsidiaries of Cheung Kong where Cheung Kong is taken to be interested in such shares under the SFO. In addition, by virtue of the SFO, each of TDT1, TDT2 and TUT1 is deemed to be interested in the same 2,130,202,773 shares of the Company held by Cheung Kong as described in Note (1)(a) of the section titled "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures".
- (2) These are wholly owned subsidiaries of Cheung Kong and their interests in the shares of the Company are duplicated in the interests of Cheung Kong.

Save as disclosed above, as at 31 December 2008, there was no other person (other than the Directors or Chief Executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Share Option Schemes

The Company has no share option scheme but certain of the Company's subsidiary companies have adopted share option schemes. The principal terms of such share option schemes are summarised as follows:

(I) 3 Italia S.p.A. ("3 Italia")

The purpose of the employee share option plan of 3 Italia (the "3 Italia Plan") is to provide 3 Italia with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to any employee of 3 Italia and any other company of which 3 Italia has control from time to time (the "3 Italia Participating Company") or any director of any 3 Italia Participating Company who is required to devote to his duties a substantial part of his working hours (the "3 Italia Eligible Employees").

The remuneration committee of the board of directors of 3 Italia (the "3 Italia Remuneration Committee") may grant share options under the 3 Italia Plan to acquire the ordinary shares in the capital of 3 Italia (the "3 Italia Shares") to individuals who are 3 Italia Eligible Employees, subject always to any limits and restrictions specified in the rules of the 3 Italia Plan as amended from time to time.

The form, manner and timing of grant of the share options, the maximum number of 3 Italia Shares in respect of each share option, the price at which each 3 Italia Share subject to a share option may be acquired on the exercise of that share option being subject to adjustment in case of reorganisation of capital structure (the "Subscription Price"), any condition on exercise of each share option, and all other terms relating or attaching to such grant shall be at the absolute discretion of the 3 Italia Remuneration Committee subject to compliance with the Listing Rules.

A 3 Italia Eligible Employee is not required to pay for the grant of a share option under the 3 Italia Plan.

The Subscription Price will be, (i) in the case of the one time initial grants of share options recognising the long service and ongoing contribution of those 3 Italia Eligible Employees who were 3 Italia Eligible Employees prior to 31 July 2001 and who at the date on which a share option is granted under the 3 Italia Plan (the "3 Italia Date of Grant") remain so employed and who the 3 Italia Remuneration Committee determines should receive such an initial grant, the price as determined by the 3 Italia Remuneration Committee, and (ii) in any other case the market value of the 3 Italia Share at the 3 Italia Date of Grant as determined by the 3 Italia Remuneration Committee but in any event not being less than the nominal value (if any) of such 3 Italia Share at the 3 Italia Date of Grant.

In respect of any share option granted either: (i) after the Company has resolved to seek a separate listing and up to the date of the listing; or (ii) during the period commencing six months before the lodgement of Form A1 to the Stock Exchange in relation to a listing on the Main Board of the Stock Exchange (or an equivalent application in the case of a listing on the Growth Enterprise Market of the Stock Exchange or an overseas exchange) up to the date of the listing, and where the Subscription Price notified to a share option holder is less than the issue price of the 3 Italia Shares on listing, the Subscription Price shall be adjusted to the issue price of the 3 Italia Shares on listing and no share option (to which the rules of the 3 Italia Plan applies) shall be exercised at a Subscription Price below such issue price.

Subject always to the paragraph below, no share option shall be granted under the 3 Italia Plan which would, at the 3 Italia Date of Grant, cause the number of 3 Italia Shares which shall have been or may be issued both in pursuance of share options granted under the 3 Italia Plan and under any other share option scheme (the "3 Italia Option Plan Shares") to exceed 5% of the number of the 3 Italia Shares in the capital of 3 Italia in issue as at 20 May 2004, being the date of passing of the relevant resolution approving the 3 Italia Plan. This limit may only be exceeded with approval of the shareholders of both 3 Italia and the Company in general meetings in accordance with the requirements of the Listing Rules. As at the date of this report, the total number of 3 Italia Shares available for issue under the 3 Italia Plan is 37,682,571, which represented approximately 2.89% of the total number of 3 Italia Shares in issue as at that date.

No share option shall be granted under the 3 Italia Plan which would, at the 3 Italia Date of Grant, cause the number of 3 Italia Option Plan Shares which shall have been or may be issued both in pursuance of the share options granted under the 3 Italia Plan and under any other share option scheme to exceed 130,185,000 without the prior written consent of the board of Directors of the Company.

The limit on the number of 3 Italia Shares which may be issued upon exercise of all outstanding share options granted and not yet exercised under the 3 Italia Plan and under any other share option scheme to 3 Italia Eligible Employees must not exceed 30% of the number of 3 Italia Shares in issue from time to time.

The 3 Italia Remuneration Committee shall not grant any share options (the "3 Italia Relevant Options") to any 3 Italia Eligible Employee which, if exercised, would result in such 3 Italia Eligible Employee becoming entitled to subscribe for such number of 3 Italia Shares as, when aggregated with the total number of 3 Italia Shares already issued or to be issued to him under all share options granted to him (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the 3 Italia Date of Grant of the 3 Italia Relevant Options, exceed 1% of the number of 3 Italia Shares in issue at such date. Notwithstanding this, the 3 Italia Remuneration Committee may grant share options to any 3 Italia Eligible Employee causing this limit to be exceeded, but only with the approval of the shareholders of 3 Italia and the Company in general meetings (with such 3 Italia Eligible Employee and his Associates (as defined in the Listing Rules) abstaining from voting in favour) in compliance with the requirements of the Listing Rules.

A share option may be exercised in whole or in part by a share option holder or where appropriate by his legal personal representatives at any time during the period commencing with a listing and terminating with the lapse of the relevant share option. Share options must be exercised within the period of eight years from the 3 Italia Date of Grant.

The 3 Italia Remuneration Committee may at any time, commencing on 20 May 2004 (being the date of adoption of the 3 Italia Plan) and until the eighth anniversary thereof grant share options under the 3 Italia Plan to individuals who are 3 Italia Eligible Employees.

Report of the Directors

The following share options were outstanding under the 3 Italia Plan during the year ended 31 December 2008:

Name or category of participant	Effective date of grant or date of grant of share options ⁽¹⁾	Number of share options held at 1 January 2008	Granted during 2008	Exercised during 2008	Lapsed/ cancelled during 2008	Number of share options held at 31 December 2008	Exercise period of share options	Exercise price of share options	Price of 3 Italia Share	
									At grant date of share options ⁽³⁾	At exercise date of share options
								€	€	€
Employees in aggregate	20.5.2004	16,347,200	-	-	(1,555,882)	14,791,318	From Listing ⁽²⁾ to 16.7.2009	5.17	5.00	N/A
	20.11.2004	2,111,767	-	-	(621,458)	1,490,309	From Listing to 16.7.2009	5.17	5.00	N/A
	2.2.2005	335,320	-	-	(335,320)	0	From Listing to 16.7.2009	5.17	5.00	N/A
	6.9.2005	2,710,875	-	-	(225,037)	2,485,838	From Listing to 16.7.2009	5.17	5.00	N/A
Total:		21,505,162	-	-	(2,737,697)	18,767,465				

Notes:

- (1) The share options shall vest as to one-third on the date of (and immediately following) a Listing, as to a further one-third on the date one calendar year after a Listing and as to the final one-third on the date two calendar years after a Listing.
- (2) Listing refers to an application being made to the competent listing authority for admission to trading on a recognised stock exchange of the ordinary share capital of 3 Italia.
- (3) Nominal value of 3 Italia Shares on date of grant set out for reference only.

As at the date of this report, 3 Italia had 18,461,952 share options outstanding under the 3 Italia Plan, which represented approximately 1.42% of the 3 Italia Shares in issue as at that date.

No share option had been granted under the 3 Italia Plan during the year ended 31 December 2008.

(II) Hutchison 3G UK Holdings Limited ("3 UK")

The purpose of the employee share option plan of 3 UK (the "3 UK Plan") is to provide 3 UK with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to the eligible employees of 3 UK (the "3 UK Eligible Employees"), being:

- (a) any employee of 3 UK and any other company of which 3 UK has control from time to time (collectively the "3 UK Participating Company"); or
- (b) any director of any 3 UK Participating Company who is required to devote to his duty substantially the whole of his working hours being not less than 25 hours per week.

The remuneration committee of the board of 3 UK (the "3 UK Remuneration Committee") may grant share options under the 3 UK Plan to acquire the ordinary shares in the capital of 3 UK (the "3 UK Shares") to individuals who are 3 UK Eligible Employees, subject always to any limits and restrictions specified in the rules of the 3 UK Plan as amended from time to time.

An 3 UK Eligible Employee is not required to pay for the grant of a share option under the 3 UK Plan.

The subscription price for 3 UK Shares will be, (i) in the case of the one time initial grants of share options recognising the long service and ongoing contribution of the founders and other 3 UK Eligible Employees who were 3 UK Eligible Employees prior to 31 March 2001 and who at the date on which a share option is granted under the 3 UK Plan (the "3 UK Grant Date") remain so employed and who the 3 UK Remuneration Committee determines should receive such an initial grant, the price as determined by the 3 UK Remuneration Committee (not being less than £1.00 per share); and (ii) in any other case the market value of the 3 UK Shares at the 3 UK Grant Date as determined by the 3 UK Remuneration Committee but in any event not being less than the nominal value (if any) of such 3 UK Share at the 3 UK Grant Date.

In respect of any share option granted either: (i) after the Company has resolved to seek a separate listing and up to the date of the listing; or (ii) during the period commencing six months before the lodgement of Form A1 to the Stock Exchange in relation to a listing on the Main Board of the Stock Exchange (or an equivalent application in case of a listing on the Growth Enterprise Market of the Stock Exchange, London Stock Exchange plc or an overseas exchange) up to the date of listing, and where the subscription price notified to a share option holder is less than the issue price of the 3 UK Shares on listing, the subscription price shall be adjusted to the issue price of the 3 UK Shares on listing and no share option (to which the rules of the 3 UK Plan applies) shall be exercised at a subscription price below such issue price.

Report of the Directors

Subject always to the paragraph below, no share option shall be granted under the 3 UK Plan which would, at the 3 UK Grant Date, cause the number of 3 UK Shares which shall have been or may be issued both in pursuance of share options granted under the 3 UK Plan and under any share option scheme (the "3 UK Option Plan Shares") to exceed 5% of the number of 3 UK Shares in the capital of 3 UK in issue as at 20 May 2004, being the date of passing of the relevant resolution approving the 3 UK Plan. This limit may only be exceeded with the approval of the shareholders of both 3 UK and the Company in general meetings in accordance with the requirements of the Listing Rules. As at the date of this report, the total number of 3 UK Shares available for issue under the 3 UK Plan is 222,274,337, which represented 5% of the total number of 3 UK Shares in issue as at that date.

No share option shall be granted under the 3 UK Plan which would, at the 3 UK Grant Date, cause the number of 3 UK Option Plan Shares to exceed 4% of the number of 3 UK Shares in issue at the date of approval of the 3 UK Plan without the prior written consent of the board of Directors of the Company.

The limit on the number of 3 UK Shares which may be issued upon exercise of all outstanding share options granted and not yet exercised under the 3 UK Plan and under any other share option scheme to 3 UK Eligible Employees must not exceed 30% of the number of 3 UK Shares in issue from time to time.

The 3 UK Remuneration Committee shall not grant any share options (the "3 UK Relevant Options") to any 3 UK Eligible Employee which, if exercised, would result in such 3 UK Eligible Employee becoming entitled to subscribe for such number of 3 UK Shares as, when aggregated with the total number of 3 UK Shares already issued or to be issued to him under all share options granted to him (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the 3 UK Grant Date of the 3 UK Relevant Options, exceed 1% of the number of 3 UK Shares in issue at such date. Notwithstanding this, the 3 UK Remuneration Committee may grant share options to any 3 UK Eligible Employee causing this limit to be exceeded, but only with the approval of the shareholders of 3 UK and the Company in general meeting (with such 3 UK Eligible Employee and his Associates (as defined in the Listing Rules) abstaining from voting in favour) in compliance with the requirements of the Listing Rules.

A share option may be exercised in whole or in part by the share option holder or where appropriate by his legal personal representatives at any time during the period commencing with a listing and terminating with the lapse of the relevant share option. Share options must be exercised within the period of 10 years from the 3 UK Grant Date.

The 3 UK Remuneration Committee may at any time commencing on 20 May 2004 (being the date of adoption of the 3 UK Plan) and until the tenth anniversary thereof, grant share options under the 3 UK Plan to individuals who are 3 UK Eligible Employees.

The following share options were outstanding under the 3 UK Plan during the year ended 31 December 2008:

Name or category of participant	Effective date of grant or date of grant of share options ⁽¹⁾	Number of share options held at 1 January 2008	Granted during 2008	Exercised during 2008	Lapsed/cancelled during 2008	Number of share options held at 31 December 2008	Exercise period of share options	Exercise price of share options	Price of 3 UK Share	
									At grant date of share options ⁽³⁾	At exercise date of share options
								£	£	£
Employees in aggregate	20.5.2004	6,719,500	-	-	(445,000)	6,274,500	From Listing ⁽²⁾ to 18.4.2011	1.00	1.00	N/A
	20.5.2004	29,090,000	-	-	(3,319,750)	25,770,250	From Listing to 18.4.2011	1.35	1.00	N/A
	20.5.2004	3,519,250	-	-	(305,500)	3,213,750	From Listing to 20.8.2011	1.35	1.00	N/A
	20.5.2004	420,000	-	-	-	420,000	From Listing to 18.12.2011	1.35	1.00	N/A
	20.5.2004	367,750	-	-	(120,000)	247,750	From Listing to 16.5.2012	1.35	1.00	N/A
	20.5.2004	1,877,750	-	-	(140,000)	1,737,750	From Listing to 29.8.2012	1.35	1.00	N/A
	20.5.2004	317,500	-	-	(45,000)	272,500	From Listing to 28.10.2012	1.35	1.00	N/A
	20.5.2004	550,000	-	-	(120,000)	430,000	From Listing to 11.5.2013	1.35	1.00	N/A
	20.5.2004	1,455,000	-	-	(290,000)	1,165,000	From Listing to 14.5.2014	1.35	1.00	N/A
	27.1.2005	1,567,250	-	-	(20,000)	1,547,250	From Listing to 26.1.2015	1.35	1.00	N/A
	11.7.2005	545,500	-	-	(67,750)	477,750	From Listing to 10.7.2015	1.35	1.00	N/A
	7.9.2007	4,163,250	-	-	(1,102,750)	3,060,500	From Listing to 6.9.2017	1.35	1.00	N/A
Total:		50,592,750	-	-	(5,975,750)	44,617,000				

Notes:

- (1) The share options granted to certain founders of 3 UK shall vest as to 50% on the date of (and immediately following) a Listing, as to a further 25% on the date one calendar year after a Listing and as to the final 25% on the date two calendar years after a Listing. The share options granted to non-founders of 3 UK shall vest as to one-third on the date of (and immediately following) a Listing, as to a further one-third on the date one calendar year after a Listing and as to the final one-third on the date two calendar years after a Listing.
- (2) Listing refers to an application being made to the Financial Services Authority for admission to the official list of the ordinary share capital of 3 UK or to have the shares of 3 UK admitted to trading on the Alternative Investment Market operated by London Stock Exchange plc ("AIM") or in the United Kingdom or elsewhere.
- (3) Nominal value of 3 UK Shares on date of grant set out for reference only.

Report of the Directors

As at the date of this report, 3 UK had 43,567,000 share options outstanding under the 3 UK Plan, which represented approximately 0.98% of the 3 UK Shares in issue as at that date.

3 UK is an unlisted wholly owned subsidiary of the Company and the share options relate to these unlisted shares. Based on the best estimate of the Directors of the Company and taking into consideration the losses incurred by 3 UK, prevailing market perception, the share option exercise price and 3 UK being an unlisted company, the value of the share options were estimated to be not material to the Group.

No share option had been granted under the 3 UK Plan during the year ended 31 December 2008.

(III) Hutchison China MediTech Limited (“Chi-Med”)

The purpose of the share option scheme of Chi-Med (the “Chi-Med Plan”) is to provide Chi-Med with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Chi-Med Eligible Persons. An “Chi-Med Eligible Person” shall be any person who is (or will be on and following the date of offer of the relevant share option) a director (other than an independent non-executive director) or an employee of Chi-Med, its listed parent(s) (ie, currently the Company) and any of their subsidiaries, and any holding company, subsidiaries or affiliates of Chi-Med or other companies which the board of directors of Chi-Med (the “Chi-Med Board”) determines will be subject to the Chi-Med Plan, who is notified by the Chi-Med Board that he or she is an eligible person. Actual participation is at the discretion of the Chi-Med Board.

The Chi-Med Board may offer the grant to an Chi-Med Eligible Person, a share option to subscribe for such number of ordinary shares in the share capital of Chi-Med (the “Chi-Med Shares”).

The maximum number of Chi-Med Shares to be allotted and issued subject to the Chi-Med Plan is as follows:-

- (a) The total number of Chi-Med Shares issued or issuable pursuant to share options granted under all employees' share schemes of Chi-Med must not in aggregate exceed 5% of the Chi-Med Shares in issue on the date on which the Chi-Med Shares are listed to trading on a recognised stock exchange (including the AIM) (the “Chi-Med Listing”).
- (b) However, the Chi-Med Board may refresh and recalculate the limit by reference to the issued share capital of Chi-Med then prevailing with the approval of the shareholders of its listed parent (ie, currently the Company) if required under the Listing Rules in general meeting, provided that the total number of Chi-Med Shares issued and issuable pursuant to the exercise of share options under all employees' share schemes of Chi-Med may not exceed 10% of the issued ordinary share capital on the date of the approval of the refreshed limit. Share options previously granted under the Chi-Med Plan and any other employee share schemes of Chi-Med (including those outstanding, cancelled, lapsed or exercised) will not be counted for the purpose of calculating the limit as refreshed. As at the date of this report, the total number of Chi-Med Shares available for issue under the Chi-Med Plan is 2,560,606 which represent 4.99% of the total number of Chi-Med Shares in issue as at that date.

- (c) Share options may be granted to any Chi-Med Eligible Person or Chi-Med Eligible Persons specifically identified by the Chi-Med Board in excess of the limit, including the refreshed limit, under paragraphs (a) and (b) above, with the approval of the shareholders of Chi-Med in general meeting and by the shareholders of the listed parent if required under the Listing Rules and subject to paragraphs (d) and (e) below and restrictions on grant to key individuals under the Chi-Med Plan.
- (d)
 - (i) No Chi-Med Eligible Person may be granted a share option if as a result the total number of Chi-Med Shares over which that Chi-Med Eligible Person holds share options granted in the previous 12 months, when added to the number of Chi-Med Shares the subject of the proposed grant, would exceed 1% of the issued ordinary share capital of Chi-Med on that date; and
 - (ii) Notwithstanding paragraph (d)(i) above, share options may be granted to any Chi-Med Eligible Person or Chi-Med Eligible Persons which would cause the limit under paragraph (d)(i) above to be exceeded, but only with the approval of the shareholders of the listed parent in general meeting and subject to paragraph (e) below.
- (e) Notwithstanding the above, under no circumstances may share options be outstanding over more than 10% of the issued ordinary share capital of Chi-Med at any time.

Subject to and in accordance with the rules of the Chi-Med Plan, a share option may be exercised during a period which is notified at the offer date of the share option, such period not to exceed the period of 10 years from such offer date.

Share option holders are not required to pay for the grant of any share option.

The exercise price, subject to any adjustment according to the rules of the Chi-Med Plan, for the share options will be:

- (a) in the case of the one time initial grants of share options by Chi-Med under the Chi-Med Plan to founders and non-founders prior to the Chi-Med Listing, the price determined by the Chi-Med Board and notified to the relevant share option holder; and
- (b) in respect of any other share option, the Market Value (as defined below) of the Chi-Med Shares as at the offer date.

"Market Value" on any particular day on or after the Chi-Med Listing means: the higher of (a) the average of the closing prices of the Chi-Med Shares on the five dealing days immediately preceding the offer date; (b) the closing price of the Chi-Med Shares as stated on a recognised stock exchange's daily quotations sheet of such shares on the offer date; and (c) the nominal value of the Chi-Med Shares.

Subject to the termination provisions in the Chi-Med Plan, the Chi-Med Plan shall be valid and effective for a period of 10 years commencing on 18 May 2006, being the date of adoption of the Chi-Med Plan, after which period no further share options will be granted but the provisions of the Chi-Med Plan shall remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior to the expiry of the 10-year period and which are at that time or become thereafter capable of exercise under the rules of the Chi-Med Plan, or otherwise to the extent as may be required in accordance with the provisions of the Chi-Med Plan.

Report of the Directors

The following share options were outstanding under the Chi-Med Plan during the year ended 31 December 2008:

Name or category of participant	Effective date of grant or date of grant of share options	Number of share options held at 1 January 2008	Granted during 2008	Exercised during 2008	Lapsed/ cancelled during 2008	Number of share options held at 31 December 2008	Exercise period of share options	Exercise price of share options	Price of Chi-Med Share	
									At grant date of share options	At exercise date of share options
								£	£	£
Employees in aggregate	19.5.2006 ⁽¹⁾	1,638,787	-	-	(266,922)	1,371,865	19.5.2006 to 3.6.2015	1.09	2.505 ⁽⁴⁾	N/A
	11.9.2006 ⁽¹⁾	120,810	-	-	(40,352)	80,458	11.9.2006 to 18.5.2016	1.715	1.715 ⁽⁵⁾	N/A
	23.3.2007 ⁽²⁾	25,606	-	-	(17,071)	8,535	23.3.2007 to 22.3.2017	1.75	1.75 ⁽⁵⁾	N/A
	18.5.2007 ⁽²⁾	311,146	-	-	(220,848)	90,298	18.5.2007 to 17.5.2017	1.535	1.535 ⁽⁵⁾	N/A
	24.8.2007 ⁽²⁾	322,608	-	-	(66,548)	256,060	24.8.2007 to 23.8.2017	1.685	1.685 ⁽⁵⁾	N/A
25.8.2008 ⁽³⁾	N/A	256,146	-	-	256,146	25.8.2008 to 24.8.2018	1.26	1.26 ⁽⁵⁾	N/A	
Total:		2,418,957	256,146	-	(611,741)	2,063,362				

Notes:

- (1) The share options granted to certain founders of Chi-Med are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of 50% on 19 May 2007 and 25% on each of 19 May 2008 and 19 May 2009. The share options granted to non-founders of Chi-Med are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of 19 May 2007, 19 May 2008 and 19 May 2009.
- (2) The share options granted are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of the first, second and third anniversaries of the date of grant of share options.
- (3) The share options granted are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of 25% on each of the first, second, third and fourth anniversaries of the date of grant of share options.
- (4) The stated price was the closing price of the Chi-Med Shares quoted on the AIM on the date of admission of listing of the Chi-Med Shares.
- (5) The stated price was the closing price of the Chi-Med Shares quoted on the AIM on the trading day immediately prior to the date of grant of the share options.

As at the date of this report, Chi-Med had 1,892,569 share options outstanding under the Chi-Med Plan, which represented approximately 3.69% of the Chi-Med shares in issue as at that date.

The fair value of share options granted during the year, determined using the Binomial Model was as follows:

Value of each share option	£0.569
Significant inputs into the valuation model:	
Exercise price	£1.260
Share price at effective grant date	£1.260
Expected volatility	35%
Risk-free interest rate	4.7%
Expected life of share options	7.1 to 8.0 years
Expected dividend yield	0%

The volatility of the underlying stock during the life of the share options is estimated with reference to the volatility of Chi-Med two years prior to the issuance of share options.

(IV) Hutchison Harbour Ring Limited ("HHR")

The purpose of the share option scheme of HHR (the "HHR Plan") is to enable HHR and its subsidiaries (the "HHR Group") to grant share options to selected participants as incentives or rewards for their contribution to the HHR Group, to continue and/or render improved service with the HHR Group, and/or to establish a stronger business relationship between the HHR Group and such participants.

The directors of HHR (the "HHR Directors") (which expression shall include a duly authorised committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants to take up share options to subscribe for shares in the ordinary capital of HHR (the "HHR Shares"):

- (a) any employee/consultant (as to functional areas of finance, business or personnel administration or information technology) or proposed employee/consultant (whether full time or part time, including any executive director but excluding any non-executive director) of HHR (the "HHR Eligible Employee"), any of its subsidiaries or any entity (the "HHR Invested Entity") in which any member of the HHR Group holds any equity interest;
- (b) any non-executive directors (including independent non-executive directors) of HHR, any of its subsidiaries or any HHR Invested Entity;
- (c) any supplier of goods or services to any member of the HHR Group or any HHR Invested Entity;
- (d) any customer of any member of the HHR Group or any HHR Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the HHR Group or any HHR Invested Entity;
- (f) any shareholder of any member of the HHR Group or any HHR Invested Entity or any holder of any securities issued by any member of the HHR Group or any HHR Invested Entity;
- (g) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the HHR Group; and
- (h) any company wholly owned by one or more persons belonging to any of the above classes of participants.

Report of the Directors

For the avoidance of doubt, the grant of any share options by HHR for the subscription of HHR Shares or other securities of the HHR Group to any person who falls within any of the above classes of participants shall not, by itself, unless the HHR Directors otherwise determine, be construed as a grant of share option under the HHR Plan.

The eligibility of any of the above class of participants to the grant of any share options shall be determined by the HHR Directors from time to time on the basis of their contribution to the development and growth of the HHR Group. The maximum number of HHR Shares to be allotted and issued is as follows:

- (a) The maximum number of HHR Shares which may be allotted and issued upon the exercise of all outstanding share options granted and yet to be exercised under the HHR Plan and any other share option scheme of the HHR Group must not in aggregate exceed 30% of the relevant class of securities of HHR (or its subsidiaries) in issue from time to time.
- (b) The total number of HHR Shares which may be allotted and issued upon the exercise of all share options (excluding, for this purpose, share options which have lapsed in accordance with the terms of the HHR Plan and any other share option scheme of the HHR Group) to be granted under the HHR Plan and any other share option scheme of the HHR Group must not in aggregate exceed 6% of the relevant class of securities of HHR (or its subsidiaries) in issue as at 20 May 2004, being the date of passing the relevant resolution adopting the HHR Plan (the "HHR General Scheme Limit"). As at the date of this report, the total number of HHR Shares available for issue under the HHR Plan is 402,300,015, which represented 4.5% of the total number of HHR Shares in issue as at that date.
- (c) Subject to (a) above and without prejudice to (d) below, HHR may seek approval of its shareholders (the "HHR Shareholders") in general meeting to refresh the HHR General Scheme Limit provided that the total number of HHR Shares which may be allotted and issued upon the exercise of all share options to be granted under the HHR Plan and any other share option scheme of the HHR Group must not exceed 10% of the relevant class of securities of HHR (or its subsidiaries) in issue as at the date of approval of the limit and, for the purpose of calculating the limit, share options including those outstanding, cancelled, lapsed or exercised in accordance with the HHR Plan and any other share option scheme of the HHR Group will not be counted.
- (d) Subject to (a) above and without prejudice to (c) above, HHR may seek separate approval of the HHR Shareholders in general meeting to grant share options beyond the HHR General Scheme Limit or, if applicable, the extended limit referred to in (c) above to participants specifically identified by HHR before such approval is sought.

The total number of HHR Shares issued and which may fall to be issued upon the exercise of the share options granted under the HHR Plan and any other share option scheme of the HHR Group (including both exercised or outstanding share options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of HHR for the time being (the "HHR Individual Limit"). Any further grant of share options in excess of the HHR Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the approval of the HHR Shareholders in a general meeting of HHR with such participant and his Associates abstaining from voting. The number and terms (including the exercise price) of the share options to be granted (and share options previously granted to such participant) must be fixed before the approval of the HHR Shareholders and the date of the board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under Note (1) to Rule 17.03(9) of the Listing Rules.

A share option may be exercised in accordance with the terms of the HHR Plan at any time during a period to be determined on the date of offer for the grant of share option and notified by the HHR Directors to each grantee, which period may commence, once the offer for the grant is accepted within the prescribed time by the grantee, from the date of the offer for the grant of share options but shall end in any event not later than 10 years from the date on which the offer for the grant of the share option is made, subject to the provisions for early termination thereof. Unless otherwise determined by the HHR Directors and stated in the offer of the grant of share options to a grantee, there is no minimum period required under the HHR Plan for the holding of a share option before it can be exercised.

The subscription price for HHR Shares under the HHR Plan shall be a price determined by the HHR Directors but shall not be less than the highest of (i) the closing price of HHR Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of HHR Shares on the date of the offer of grant which must be a business day; (ii) the average closing price of HHR Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of HHR Shares for the five trading days immediately preceding the date of the offer of grant which must be a business day; and (iii) the nominal value of the HHR Shares. A nominal consideration of HK\$1 is payable on acceptance of the grant of a share option.

The HHR Plan will remain in force for a period of 10 years commencing on the date on which the HHR Plan becomes unconditional.

The following share options were outstanding under the HHR Plan during the year ended 31 December 2008:

Name or category of participant	Date of grant of share options ⁽¹⁾	Number of share options held at 1 January 2008	Granted during 2008	Exercised during 2008	Lapsed/cancelled during 2008	Number of share options held at 31 December 2008	Exercise period of share options	Exercise price of share options	Price of HHR Share	
								HK\$	At grant date of share options ⁽²⁾	At exercise date of share options ⁽³⁾
Employees in aggregate	3.6.2005	58,500,000	-	-	(21,900,000)	36,600,000	3.6.2006 to 2.6.2015	0.822	0.82	N/A
	25.5.2007	32,600,000	-	(1,208,000)	(5,868,000)	25,524,000	25.5.2008 to 24.5.2017	0.616	0.61	0.70
Total:		91,100,000	-	(1,208,000)	(27,768,000)	62,124,000				

Notes:

- (1) The share options are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of the first, second and third anniversaries of the date of grant of share options.
- (2) The stated price was the closing price of the HHR Shares quoted on the Stock Exchange on the trading day immediately prior to the date of grant of the share options.
- (3) The stated price was the weighted average closing price of the HHR Shares immediately before the dates on which the share options were exercised.

As at the date of this report, HHR had 48,856,000 share options outstanding under the HHR Plan, which represented approximately 0.55% of the HHR Shares in issue as at that date.

No share option had been granted under the HHR Plan during the year ended 31 December 2008.

Report of the Directors

(V) Hutchison Telecommunications (Australia) Limited (“HTAL”)

The purpose of the employee option plan of HTAL (the “HTAL Plan”) is to provide HTAL with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to any person who is a full time or part time employee (including a director employed in an executive capacity) or a non-executive director (including any independent non-executive director) of HTAL and any of its related body corporate (within the meaning given by section 50 of the Corporations Act 2001 (Cth) of the Commonwealth of Australia (the “Corporations Act”)) (the “HTAL Eligible Person”) and is declared by the board of directors of HTAL (the “HTAL Board”) to be an eligible person for the purposes of the HTAL Plan.

The HTAL Board may at its discretion grant a right to an HTAL Eligible Person to acquire (in the case of a share option that has an exercise price, by subscription or purchase) ordinary shares in HTAL (the “HTAL Shares”) (the “Right”). No payment is required for the grant of a Right unless the HTAL Board determines otherwise.

The maximum number of HTAL Shares which may be allotted and issued pursuant to the HTAL Plan is as follows:

- (a) The maximum number of HTAL Shares which may be allotted and issued upon exercise of all outstanding Rights and share options granted and yet to be exercised under the HTAL Plan and any other share option scheme of HTAL or any of its subsidiaries (“Other HTAL Plan”) must not in aggregate exceed 30% of the HTAL Shares in issue from time to time. No share options may be granted under the HTAL Plan or Other HTAL Plan if the grant of such share option will result in the limit referred to in this paragraph being exceeded.
- (b) The total number of HTAL Shares which may be allotted and issued upon the exercise of all Rights and share options (excluding, for this purpose, Rights and share options which have lapsed in accordance with the terms of the HTAL Plan and Other HTAL Plan) to be granted under the HTAL Plan and Other HTAL Plan must not in aggregate exceed 10% of the HTAL Shares in issue as at 1 June 2007 (the “Adoption Date”), being the date of passing the relevant resolution adopting the HTAL Plan (the “HTAL General Scheme Limit”) provided that:
 - (i) Subject to paragraph (a) above and without prejudice to paragraph (b)(ii) below, the HTAL Board may, with the approval of the shareholders of the Company in general meeting if required to do so and in compliance with other applicable requirements under the Listing Rules, refresh the HTAL General Scheme Limit provided that the total number of HTAL Shares which may be allotted and issued upon exercise of all Rights and share options under the HTAL Plan and Other HTAL Plan must not exceed 10% of the HTAL Shares in issue at the date on which shareholders of the Company approve such refreshed limit (where applicable) and for the purpose of calculating the limit, the Rights and share options (including those outstanding, cancelled, lapsed or exercised in accordance with the HTAL Plan and Other HTAL Plan) previously granted under the HTAL Plan and Other HTAL Plan will not be counted; and
 - (ii) subject to paragraph (a) and without prejudice to paragraph (b)(i) above, the HTAL Board may, with the approval of the Company's shareholders in general meeting if required to do so and in compliance with the other applicable requirements under the Listing Rules, grant Rights beyond the HTAL General Scheme Limit or, if applicable, the extended limit referred to in paragraph (b)(i) to the participants specifically identified by the HTAL Board before such approval is sought.

(c) The limits prescribed in this paragraph are subject to any issue limitation prescribed in the Australian Securities & Investments Commission Class Order 03/184 (or any such replacement or amendment). As at the Adoption Date, the Class Order prescribes a limit of that number of HTAL Shares to be issued on exercise of a Right when aggregated with:

(i) the number of HTAL Shares which would be issued were each outstanding Right to be exercised; and

(ii) the number of HTAL Shares issued during the previous five years pursuant to the HTAL Plan or any other employee share plan,

(but disregarding any Rights acquired or HTAL Shares issued by way of or as a result of an offer to a person situated at the time of receipt of the offer outside Australia, or an offer that was an excluded offer or invitation within the meaning of the Corporations Act, or an offer that did not require disclosure to investors or the giving of a product disclosure statement because of section 1012D of the Corporations Act, or an offer made under a disclosure document or product disclosure statement) shall not exceed 5% of the total number of HTAL Shares at the time of the grant date of such Right.

Except with the approval of the shareholders of the Company in general meetings if required to do so and in compliance with the other applicable requirements under the Listing Rules, the total number of HTAL Shares issued and which may fall to be issued upon exercise of the share options granted under the HTAL Plan and Other HTAL Plan (including both exercised and outstanding share options) to each participant in any 12-month period shall not exceed 1% of the HTAL Shares in issue for the time being.

Subject to and in accordance with the rules of the HTAL Plan, a Right lapses on the date stated by the HTAL Board in the offer of the Rights as the "Expiry Date", or fixed by a method of calculation prescribed by the HTAL Board in the offer being no later than the date falling 10 years from the grant date of the Right.

The exercise price (if any) for a Right, subject to any adjustment according to the rules of the HTAL Plan, will be determined by the HTAL Board or by the application of a method of calculating the exercise price that is prescribed by the HTAL Board provided that it shall not be less than the higher of:

(a) the closing price of the HTAL Shares as quoted by the Australian Securities Exchange ("ASX") on the grant date; and

(b) the average closing price of the HTAL Shares as quoted by the ASX for the five business days immediately preceding the grant date.

A HTAL Share does not have any nominal value.

Subject to the termination provisions in the HTAL Plan, the HTAL Plan shall be valid and effective for a period of 10 years from the Adoption Date, after which date no further Rights may be issued but the provisions of the HTAL Plan shall remain in full force and effect to the extent necessary to the exercise of any Rights granted or exercised prior thereto and which are at any time or become thereafter capable of exercise under the HTAL Plan, or otherwise as may be required in accordance with the provisions of the HTAL Plan.

Report of the Directors

The following share options were outstanding under the HTAL Plan during the year ended 31 December 2008:

Name or category of participant	Date of grant of share options	Number of share options held at 1 January 2008	Granted during 2008	Exercised during 2008	Lapsed/cancelled during 2008	Number of share options held at 31 December 2008	Exercise period of share options	Exercise price of share options ⁽²⁾	Price of HTAL Share	
									At grant date of share options ⁽³⁾	At exercise date of share options
								A\$	A\$	A\$
Employees in aggregate	14.6.2007 ^(1a)	28,920,000	-	-	(1,520,000)	27,400,000	1.7.2008 to 13.6.2012	0.145	0.145	N/A
	14.11.2007 ^(1b)	300,000	-	-	-	300,000	1.1.2009 to 13.11.2012	0.20	0.20	N/A
	21.5.2008 ^(1c)	-	200,000	-	-	200,000	1.1.2010 to 20.5.2013	0.165	0.165	N/A
	4.6.2008 ^(1c)	-	300,000	-	-	300,000	1.1.2010 to 3.6.2013	0.139	0.139	N/A
Total:		29,220,000	500,000	-	(1,520,000)	28,200,000				

Notes:

- (1) (a) The share options are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on 1 July 2008, one-third on 1 January 2009 and the remaining one-third on 1 January 2010.
- (b) The share options are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-half on 1 January 2009 and the remaining one-half on 1 January 2010.
- (c) The share options are exercisable, subject to amongst other relevant vesting criteria, on 1 January 2010.
- (2) The stated exercise price of share option was the higher of (i) the closing price of the HTAL Shares on the ASX on the day on which the share options are granted; and (ii) the average closing price of the HTAL Shares for the five trading days immediately preceding the day on which the share options are granted.
- (3) The stated price was the ASX closing price of the HTAL Shares on the trading day immediately prior to the date of grant of the share options.

As at the date of this report, the total number of HTAL shares available for issue under the HTAL plan (excluding the share options granted but yet to be exercised) is 5,931,271 shares, which represented approximately 0.79% of the HTAL shares in issue as at that date.

As at the date of this report, HTAL had 28,000,000 share options outstanding under the HTAL plan, which represented approximately 3.71% of the HTAL Shares in issue as at that date.

The fair value of share options granted during the year, determined using the Binomial Approximation Model, was A\$0.04 per HTAL Share. The significant inputs into the model were weighted average share price of A\$0.149 at the grant date, weighted average of expected price volatility of HTAL Shares of 34%, weighted average expected life of share options of 3.5 years, zero expected dividend yield and weighted average risk-free interest rate of 6.41%. The expected price volatility is based on the historical 12-month period prior to the grant date. Changes in such subjective input assumptions could affect the fair value estimate.

(VI) Hutchison Telecommunications International Limited ("HTIL")

The purpose of the share option scheme of HTIL (the "HTIL Plan") is to enable HTIL and its subsidiaries (the "HTIL Group") to grant share options to selected participants as incentives or rewards for their contribution to the HTIL Group.

The directors of HTIL (the "HTIL Directors") (which expression shall include a duly authorised committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants to take up share options to subscribe for shares in the ordinary share capital of HTIL (the "HTIL Shares").

HTIL Plan has a term of 10 years commencing from 19 May 2005, being the date on which the HTIL Plan becomes unconditional and has a remaining term of approximately six years as at the date of this report. Selected participants to the HTIL Plan including but not limited to:

- (a) any employee or consultant in the areas of finance, business or personnel administration or information technology (whether full-time or part-time, including any executive director but excluding any non-executive director) of HTIL, any of its subsidiary companies or any entity in which any member of the HTIL Group holds any equity interest, which is also referred to as an invested entity;
- (b) any non-executive directors (including independent non-executive directors) of HTIL, any of HTIL's subsidiary companies or any invested entity;
- (c) any supplier of goods or services to any member of the HTIL Group or any invested entity;
- (d) any customer of any member of the HTIL Group or any invested entity;
- (e) any person or entity that provides research, development or other technological support to any member of the HTIL Group or any invested entity;
- (f) any shareholders or security holders of any member of the HTIL Group or any invested entity;
- (g) any other group or classes of participants contributing by way of joint venture, business alliance or other business arrangement to the development and growth of the HTIL Group; and
- (h) any company wholly owned by any one or more persons belonging to any of the above classes of participants.

The grant of any share options by HTIL for the subscription of HTIL Shares or other securities of HTIL to any person who falls within any of the above classes of participants shall not, by itself, unless the HTIL Directors otherwise determine, be construed as a grant of share options under the HTIL Plan. The eligibility of any of the foregoing classes of participants to receive a grant of any share options shall be determined by the HTIL Directors from time to time on the basis of their contribution to the development and growth of the HTIL Group.

The maximum number of HTIL Shares that may be allotted and issued upon the exercise of all outstanding share options granted and yet to be exercised under the HTIL Plan and any other share option plan adopted by the HTIL Group ("Other HTIL Plan") must not in the aggregate exceed 30% of the HTIL Shares issued and outstanding from time to time. The total number of HTIL Shares which may be allotted and issued upon the exercise of all share options (excluding, for this purpose, share options which have lapsed in accordance with the terms of the HTIL Plan and Other HTIL Plan) to be granted under the HTIL Plan and Other HTIL Plan must not in the aggregate exceed 10% of the relevant class of securities of HTIL (or its subsidiaries) in issue, being 450,000,000 HTIL Shares, as at 15 October 2004, the date on which the HTIL Shares were first listed and upon refreshing this general plan limit, the total number of shares which may be allotted and issued upon exercise of all share options to be granted under the HTIL Plan and Other HTIL Plan must not exceed 10% of the relevant class of securities of HTIL in issue as at the date of approval of the limit by its shareholders in general meeting. HTIL may seek separate approval of its shareholders in a general meeting to grant share options beyond these limits.

Report of the Directors

The total number of HTIL Shares issued and which may fall to be issued upon exercise of the share options (including both exercised or outstanding share options) to each participant in any 12-month period shall not exceed 1% of HTIL's issued share capital for the time being. Any grant of share options in excess of 1% in any such 12-month period must be approved by shareholders of HTIL in a general meeting with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of the share options to be granted (and share options previously granted to such participant) must be fixed before the approval of the shareholders of HTIL and the date of the board meeting of HTIL proposing such further grant will be the date of grant for the purpose of calculating the exercise price if such grant is approved.

Any grant of share options under the HTIL Plan to a HTIL Director or chief executive or substantial shareholder of HTIL or any of their respective associates must be approved by the independent non-executive directors (excluding any independent non-executive director who is also the grantee of the share options) of HTIL. Approval of shareholders of HTIL in a general meeting is required if any grant of share options to a substantial shareholder, an independent non-executive director or any of their respective associates could result in the HTIL Shares issued and to be issued upon the exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (1) representing in the aggregate over 0.1% of the HTIL Shares in issue; and (2) having an aggregate value, based on the closing price of the HTIL Shares at the date of each grant, in excess of HK\$5,000,000. Any such meeting must be in accordance with the Listing Rules. Any change in the terms of share options granted to a substantial shareholder, an independent non-executive director or any of their respective Associates must also be approved by shareholders of HTIL in a general meeting.

A share option may be accepted by a participant within 21 days from the date of the offer of grant of the share option. The subscription price for HTIL Shares under the HTIL Plan shall be a price determined by the HTIL Directors but shall not be less than the highest of: (1) the closing price of HTIL Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of HTIL Shares on the date of the offer of grant which must be a business day; (2) the average closing price of HTIL Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of HTIL Shares for the five trading days immediately preceding the date of the offer of grant which must be a business day; and (3) the nominal value of the HTIL Shares. A nominal consideration of HK\$1 is payable on acceptance of the grant of a share option.

On 8 May 2007 and 22 May 2008, the shareholders of HTIL and the Company respectively approved (i) the downward adjustment to the exercise price of share options outstanding and unvested at the date of payment of a special cash dividend declared and paid by HTIL during the year ended 31 December 2007 on a dollar-for-dollar basis; and (ii) the change of terms of the HTIL Plan (the "Share Option Terms Change"), under which, among others, downward adjustment to the exercise price of the share options granted but not exercised as at the date of each payment of special dividend by HTIL shall be made by an amount which the HTIL Directors consider as reflecting the impact such payment will have or will likely to have on the trading prices of the HTIL Shares, provided that, among others, (a) the amount of the downward adjustment shall not exceed the amount of such special dividend to be paid; (b) such adjustment shall take effect on the date of payment by HTIL of such special dividend; and (c) the adjusted exercise price of the share options shall not, in any case, be less than the nominal value of the HTIL Shares.

The following share options were outstanding under the HTIL Plan during the year ended 31 December 2008:

Name or category of participant	Date of grant of share options ⁽¹⁾	Number of share options held at 1 January 2008	Granted during 2008 ⁽⁵⁾	Exercised during 2008	Lapsed/cancelled during 2008	Number of share options held at 31 December 2008	Exercise period of share options	Exercise price of share options ⁽²⁾	Price of HTIL Share	
								HK\$	At grant date of share options ⁽³⁾	At exercise date of share options ⁽⁴⁾
Employees in aggregate	8.8.2005	33,933,333	-	(32,183,333)	(1,750,000)	-	8.8.2006 to 7.8.2015	1.95	8.60	9.94
	23.11.2007	13,850,000	-	-	(5,083,334)	8,766,666	23.11.2008 to 22.11.2017	4.51	11.26	N/A
	12.12.2008	-	5,000,000	-	-	5,000,000	12.12.2009 to 11.12.2018	2.20	2.22	N/A
	15.12.2008	-	4,383,334	-	-	4,383,334	15.12.2008 to 14.12.2018	4.51	2.09	N/A
Total:		47,783,333	9,383,334	(32,183,333)	(6,833,334)	18,150,000				

Notes:

- (1) The share options will be vested according to a schedule, namely, as to as close to one-third of the shares of HTIL which are subject to the share options as possible by each of the three anniversaries of the date of offer of the share options and provided that for the vesting to occur the grantee has to remain an Eligible Participant (as delineated in the HTIL Plan) on such vesting date, except for 4,383,334 share options granted on 15 December 2008 which are vested immediately on the grant date.
- (2) The exercise price of the share options is subject to adjustment in accordance with the provisions of the HTIL Plan (as amended). The exercise price of 8,766,666 share options (being share options granted on 23 November 2007 which remained outstanding and unvested immediately before the payment of a special dividend by HTIL on 2 December 2008 (the "Payment")) was adjusted, with effect from 2 December 2008, from HK\$11.51 to HK\$4.51 per HTIL Share (the "2008 Exercise Price Adjustment") as a result of the Payment and pursuant to the terms of the Share Option Terms Change.
- (3) The stated price was the Stock Exchange closing price of the HTIL Shares on the trading day immediately prior to the date of grant of the share options.
- (4) The stated price was the weighted average closing price of the HTIL Shares immediately before the dates on which the share options were exercised.
- (5) 4,383,334 share options granted on 23 November 2007 at exercise price of HK\$11.51 per HTIL Share and vested before the Payment, were cancelled and replaced by new share options with an exercise price of HK\$4.51 on 15 December 2008 (the "Replacement options").

Report of the Directors

Subsequent to the 2008 Exercise Price Adjustment, the fair value of 8,766,666 share options granted on 23 November 2007 was re-determined using Black-Scholes model. The weighted average fair value of share options was increased from HK\$2.66 to HK\$2.84 at measurement date. The significant inputs into the model to determine the change in fair value were standard deviation of expected share price returns of 37.68%, expected life of share options of 5.0 to 5.5 years and annual risk-free interest rate of 1.626%. The volatility measured at the standard deviation of the expected share price returns is based on the statistical analysis of daily HTIL Share prices over the last one year up to 24 November 2008.

The weighted average fair value of 5,000,000 share options granted during the year ended 31 December 2008 was determined using Black-Scholes model. The significant inputs into the model were standard deviation of expected share price returns of 37.68%, expected life of share options of 5.5 to 6.5 years and annual risk-free interest rate of 1.559%. The volatility measured at the standard deviation of the expected share price returns is based on the statistical analysis of daily HTIL Share prices over the last one year up to 24 November 2008.

The fair value of the Replacement options was determined using Black-Scholes model. The weighted average fair value of the share options was increased from HK\$2.53 to HK\$2.77 at measurement date. The significant inputs into the model were standard deviation of expected share price returns of 37.68%, expected life of share options of 4.5 years and annual risk-free interest rate of 1.496%. The volatility measured at the standard deviation of the expected share price returns is based on the statistical analysis of daily HTIL Share prices over the last one year up to 24 November 2008.

As at the date of this report, HTIL had 18,150,000 share options outstanding under the HTIL Plan, which represented approximately 0.38% of the HTIL shares in issue as at that date. As at the date of this report, the maximum number of share options which may be granted under the HTIL Plan is 365,666,667, which represented approximately 7.60% of the issued share capital of HTIL as at the date of this report.

(VII) Partner Communications Company Ltd. ("Partner")

Prior to Partner becoming a subsidiary of the Company held through HTIL and before HTIL became a subsidiary of the Company on 14 June 2007, Partner had adopted four share option plans with details as follows:

1998 Employee Stock Option Plan, 2000 Employee Stock Option Plan and 2003 Amended Plan

The 1998 Employee Stock Option Plan (the "1998 Plan") and 2000 Employee Stock Option Plan (the "2000 Plan") were adopted by Partner in 1998 and 2000 respectively. Until November 2003, Partner granted share options to senior managers and other employees pursuant to the 1998 Plan and the 2000 Plan. In November 2003, the 1998 Plan and the 2000 Plan were amended to conform with the changes in the Israeli Income Tax Ordinance (New Version), 1961. As a result, any grant of share options after November 2003 would be subject to the terms of the 2000 Plan as so amended, referred to as the 2003 Amended Plan. Share options granted under the 1998 Plan, 2000 Plan and 2003 Amended Plan, which were approved by Partners prior to Partner becoming a subsidiary of the Company's then listed subsidiary, HTIL, in April 2005, will remain valid but no further grant of share options will be made under the said three plans without the board of directors of Partner approving relevant amendments being made necessary by the changes in Israeli laws and other regulatory requirements, as applicable and until they are approved by shareholders of HTIL and the Company respectively. On 26 March 2008, the board of directors of Partner approved the termination of the 1998 Plan, the 2000 Plan and 2003 Amended Plan. Since then, no further share options will be granted under these three plans, and all outstanding share options thereunder will remain valid and bear all terms and conditions of the relevant option plans.

2004 Share Option Plan

The purpose of the 2004 Share Option Plan (the "2004 Plan") is to promote the interests of Partner and its shareholders by providing employees, officers and advisors of Partner with appropriate incentives and rewards to encourage them to enter into and continue in the employment of or service to Partner and to acquire a proprietary interest in the long-term success of Partner. The 2004 Plan will remain in force for 10 years from its adoption on 12 July 2004 (the "2004 Plan Adoption Date").

A total number of 13,917,000 ordinary shares of Partner (the "Partner Shares"), representing approximately 8.81% of the total issued share capital of Partner as at the date of this report, may be issued under the 2004 Plan. The maximum number of Partner Shares which may be issued and allotted to each participant upon the exercise of share options under the 2004 Plan in any 12-month period shall not exceed 1,834,615 Partner Shares, representing approximately 1% of the total number of shares in issue as at the 2004 Plan Adoption Date.

A share option shall become cumulatively vested as to one-fourth (25%) of the shares covered thereby on each of the first, second, third and fourth anniversaries of the date of the relevant grant, unless otherwise set by the compensation committee of Partner (the "Partner Compensation Committee") being appointed by Partner's board of directors to administer the 2004 Plan, in the relevant grant instrument. The exercise period during which a share option may be exercised will be determined by the Partner Compensation Committee and will not exceed 10 years from the date of grant of share options. No payment is required to be made by the grantee on application or acceptance of a share option.

The Partner Compensation Committee has the authority to determine the exercise price per share (the "Option Exercise Price"). The Option Exercise Price will be determined taking into consideration the fair market value of a Partner Share at the time of grant. Such fair market value on any date will be equal to the average of the closing sale price of the Partner Shares during the preceding 30 trading days, as such closing sale price is published by the national securities exchange in Israel on which the Partner Shares are traded, or if there is no sale of Partner Shares on such date, the average of the bid and asked prices on such exchange at the closing of trading on such date, or if Partner Shares are not listed on a securities exchange in Israel or the over the counter market, the fair market value on such date as determined in good faith by the Partner Compensation Committee.

At each of the annual general meeting of HTIL and the Company held on 6 May 2008 and 22 May 2008 respectively, the respective shareholders of HTIL and the Company approved the refreshment of the maximum number of Partner Shares which may be issued upon the exercise of all share options to be granted under the 2004 Plan and any other share option scheme(s) of Partner, by up to 8,142,000 Partner Shares to be issued pursuant to the 2004 Plan, representing approximately 5.17% of Partner Shares in issue as at the date of approval. On the same date, the shareholders of the Company also approved certain additional amendments to the 2004 Plan, which include, among others, (i) increasing the total number of Partner Shares reserved for issuance upon exercise of share options to be granted under the 2004 Plan by 8,142,000 Partner Shares, (ii) introducing provisions to allow acceleration in vesting of unvested share options or the exercise of vested share options in the event of change in control or voluntary winding up of Partner, and (iii) allowing upon compliance with conditions specified therein, cashless exercise of vested share options under the 2004 Plan.

On 23 February 2009, the board of directors of Partner approved certain amendments to the 2004 Plan, which include among others, (i) to amend Section 8.1 of the 2004 Plan to allow (a) with respect to share options granted on or after 23 February 2009, a dividend adjustment mechanism for the downward adjustment of the exercise price of such share options following each dividend distribution made in the ordinary course and meeting the criteria set forth in the amended form of Section 8.1; and (b) with respect to all share options granted under the 2004 Plan, following each dividend distribution not made in the ordinary course, the downward adjustment of the exercise price by an amount determined by the board of directors of Partner; and (ii) to amend Section 8.6 of the 2004 Plan (a) to include, with respect to share options granted on or after 23 February 2009, provisions authorising the board of directors of Partner to allow share option holders to exercise their vested share options during a fixed period, only through a cashless exercise procedure, pursuant to which each vested share option will entitle its holder to the right to purchase the Partner Shares (subject to any adjustments) in accordance with the specified cashless formula referred to in the amended form of Section 8.6; and (b) to fine-tune the said cashless formula. Such proposed amendments to the 2004 Plan are subject to, and conditional upon, the relevant approvals in the general meetings of the shareholders of Partner, HTIL and the Company respectively.

Report of the Directors

The following share options were outstanding under the 1998 Plan, the 2000 Plan, the 2003 Amended Plan and the 2004 Plan during the year ended 31 December 2008:

Name or category of participant	Date of grant of share options ⁽¹⁾	Number of share options held at 1 January 2008	Granted during 2008	Exercised during 2008	Lapsed/cancelled during 2008	Number of share options held at 31 December 2008 ⁽¹⁾	Exercise period of share options ⁽²⁾	Exercise price of share options	Price of Partner Share	
								US\$/NIS	At grant date of share options ⁽³⁾	At exercise date of share options ⁽⁴⁾
									NIS	NIS
Employees in aggregate										
1998 Plan	5.11.1998 to 22.12.2002	3,386	-	(3,383)	(3)	-	5.11.1999 to 15.12.2011	US\$0.343 and NIS 20.45	0.01	76.16
2000 Plan	3.11.2000 to 30.12.2003	193,500	-	(48,700)	-	144,800	3.11.2000 to 30.12.2012	NIS 17.25 to NIS 27.35	17.25 to 27.35	75.32
2003 Amended Plan	30.12.2003	-	-	-	-	-	N/A	NIS 20.45	34.12	N/A
2004 Plan	29.11.2004 to 19.2.2008	2,666,932	76,000	(514,531)	(142,014)	2,086,387	29.11.2004 to 19.2.2018	NIS 26.74 to NIS 66.05	31.45 to 78.90	76.75
Total:		2,863,818	76,000	(566,614)	(142,017)	2,231,187				

Notes:

- (1) The number of share options disclosed is the aggregate figure of share options held at 31 December 2008 under each of the four employee stock option plans. The share options were granted on various date(s) during the corresponding period(s) and in respect of the 2003 Amended Plan, on the date of grant as disclosed.
- (2) Subject to the terms of individual stock option plans, vesting schedules are in general: 25% of the share options become vested on each of the first, second, third and fourth anniversary of the date of employment of the grantee or date of grant, unless otherwise specified by the Partner Compensation Committee.
- (3) The stated price was the average closing price of the Partner Shares as recorded by the Tel Aviv Stock Exchange 30 days prior to the date of grant of the share options.
- (4) The stated price was the weighted average closing price of the Partner Shares immediately before the dates on which the share options were exercised.

As at the date of this report, Partner had 4,431,755 share options outstanding under the 2004 Plan and 140,300 share options outstanding under the 2000 Plan, which represented in aggregate approximately 2.89% of Partner Shares in issues as at that date. No share option was outstanding under the 1998 Plan or the 2003 Amended Plan.

The fair value of share options granted during the year ended 31 December 2008 was determined using the Black-Scholes valuation model. The significant inputs into the model were standard deviation of expected share price returns of 24%, weighted average dividend yield of 6.2%, expected life of share options of three years and annual risk-free interest rate of 4.25%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over three years immediately preceding the grant date. Changes in such subjective input assumptions could affect the fair value estimate.

Save as disclosed above, at no time during the year was the Company or a subsidiary a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Interests in Competing Business

During the year ended 31 December 2008, the following Directors of the Company had interests in the following businesses (apart from the Company's businesses) conducted through the companies named below, their subsidiaries, associated companies or other investment forms which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Company conducted during the year required to be disclosed pursuant to Rule 8.10 of the Listing Rules:

Name of Director	Name of company	Nature of interest	Nature of competing business
Li Ka-shing	Cheung Kong	Chairman	- Property and hotels - Finance & investments and others
Li Tzar Kuoi, Victor	Cheung Kong	Managing Director and Deputy Chairman	- Property and hotels - Finance & investments and others
	CKI	Chairman	- Energy, infrastructure, finance & investments and others
	CKLS	Chairman	- Retail (research and development, manufacturing, commercialization, marketing and selling of environmental and human health products) - Finance & investments and others
	HEH	Executive Director	- Energy
	Husky	Co-Chairman	- Energy
Fok Kin-ning, Canning	Cheung Kong	Non-executive Director	- Property and hotels - Finance & investments and others
	CKI	Deputy Chairman	- Energy, infrastructure, finance & investments and others
	HEH	Chairman	- Energy
	HHR	Chairman	- Property
	HTAL	Chairman	- Telecommunications
	Husky	Co-Chairman	- Energy
	Partner	Chairman	- Telecommunications
Chow Woo Mo Fong, Susan	CKI	Executive Director	- Energy, infrastructure, finance & investments and others
	HEH	Executive Director	- Energy
	HHR	Executive Director	- Property
	HTAL	Director	- Telecommunications
	Partner	Director	- Telecommunications
	TOM	Non-executive Director	- Telecommunications (Internet, outdoor publishing, television and entertainment across markets in Mainland China, Taiwan and Hong Kong)

Report of the Directors

Name of Director	Name of company	Nature of interest	Nature of competing business
Frank John Sixt	Cheung Kong	Non-executive Director	- Property and hotels - Finance & investments and others
	CKI	Executive Director	- Energy, infrastructure, finance & investments and others
	HEH	Executive Director	- Energy
	HTAL	Director	- Telecommunications
	Husky	Director	- Energy
	Partner	Director	- Telecommunications
	TOM	Non-executive Chairman	- Telecommunications (Internet, outdoor publishing, television and entertainment across markets in Mainland China, Taiwan and Hong Kong)
Lai Kai Ming, Dominic	HHR	Deputy Chairman	- Property
	HTAL	Director	- Telecommunications
Kam Hing Lam	Cheung Kong	Deputy Managing Director	- Property and hotels - Finance & investments and others
	CKI	Group Managing Director	- Energy, infrastructure, finance & investments and others
	CKLS	President and Chief Executive Officer	- Retail (research and development, manufacturing commercialization, marketing and selling of environmental and human health products) - Finance & investments and others
	HEH	Executive Director	- Energy
	Spark Infrastructure Group	Non-executive Director	- Energy
George Colin Magnus	Cheung Kong	Non-executive Director	- Property and hotels - Finance & investments and others
	CKI	Non-executive Director	- Energy, infrastructure, finance & investments and others
	HEH	Non-executive Director	- Energy
William Shurniak	Husky	Director and Deputy Chairman	- Energy

As the Board of Directors is independent of the boards of the above entities, the Company has therefore been capable of carrying on its businesses independently of, and at arm's length from, the above businesses.

During the year, Mr Fok Kin-ning, Canning, Mrs Chow Woo Mo Fong, Susan and Mr Frank John Sixt are non-executive directors of HTIL, a subsidiary of the Company which is engaged in telecommunications businesses, and Mrs Chow is also an alternate director to each of Mr Fok and Mr Sixt. The non-competition agreement entered into by the Company and HTIL on 24 September 2004 maintained a clear geographical delineation, underpinned by the regulatory regime, of the two groups' respective businesses ensuring there would be no competition between them.

The exclusive territory of the Group comprised the member countries of the European Union (prior to its enlargement in 2004), the Vatican City, the Republic of San Marino, the Channel Islands, Monaco, Switzerland, Norway, Greenland, Liechtenstein, Australia, New Zealand, the United States of America, Canada and, unless and until such time as the HTIL group exercises its option to acquire our Group's interest in Hutchison Telecommunications Argentina S.A., Argentina. The exclusive territory of the HTIL group comprised all the remaining countries of the world. On 25 February 2008, under and in accordance with the requirements of the 2004 non-competition agreement, the Company granted consent to the establishment of a joint venture between Hutchison Global Communications Limited (an indirect wholly owned subsidiary of HTIL) and the Philippine Long Distance Telephone Company Group under the co-operation agreement dated 12 March 2008 for operating a mobile virtual network operator business in Italy. Save for the aforesaid business, there is no single country in which both groups have competing operations.

Purchase, Sale or Redemption of Shares

During the year, neither the Company nor any of its subsidiaries has purchased or sold any of the ordinary shares of the Company. In addition, the Company has not redeemed any of its ordinary shares during the year.

Major Customers and Suppliers

During the year, the respective percentage of purchases attributable to the Group's five largest suppliers combined and the turnover attributable to the Group's five largest customers combined was less than 30% of the total value of Group purchases and total Group turnover.

Public Float

As at the date of this report, based on information available to the Company and within the knowledge of the Directors of the Company, the public float capitalisation amounted to approximately HK\$79,620 million, representing approximately 48% of the issued share capital of the Company.

Auditor

The accounts have been audited by PricewaterhouseCoopers, who will retire and, being eligible, will offer themselves for re-appointment.

By order of the Board

Edith Shih

Company Secretary

Hong Kong, 26 March 2009